



The President's Daily Brief

September 28, 1974

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FOR THE PRESIDENT ONLY

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OIL PRODUCERS

OPEC members will earn an estimated \$100 billion from oil exports in 1974.

Actual receipts during the year for this oil will approximate \$85 billion; the difference between these figures is explained by a lag in payments. Producing countries are paid generally about two months after the oil is shipped.

Actual OPEC receipts for oil are expected to rise from \$31 billion in the first half of 1974 to \$54 billion in the second half--a 75-percent increase. Oil company payments in the second half will fully reflect the January 1974 price increase, and full payments for participation oil will begin in October. In addition, retroactive payments for participation oil received in the first half from Iran, Libya, and Saudi Arabia will be made beginning in September.

Because of a quarterly bulge related to the timing of payments, OPEC oil receipts during October will reach nearly \$12 billion. The transfer of this large sum could well create uncertainty in financial markets and spark speculative capital movements.

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INDIA

New Delhi once again faces grain shortages because of a poor summer monsoon.

About two thirds of annual grain production is grown during the monsoon period from June through September and harvested from October through December. The monsoon also provides soil moisture for the winter sowing of spring crops, as well as much of the water stored for irrigation.

The US embassy estimates the grain harvest this fall at between 58 and 62 million tons. This would be 1 to 5 million tons larger than in 1972, the most recent poor harvest, but this year India is worse off. Government stocks on July 1, 1974, were only 4 million tons; in July 1972 they were 9 million, and the population has grown by 26 million since then.

The outlook is still not as bad as it was during the mid-1960s, when successive drought years required grain imports of 20 million tons over a two-year period. Nevertheless, India will have to import 6 million tons of grain before June 1975 in order to prevent widespread unrest.

To date, India has arranged to import 3.1 million tons of grain, including 1.8 million tons from US commercial sources. On Monday, the Indian embassy in Washington requested PL-480 grain shipments. This reverses New Delhi's position, held since the Indo-Pakistani war in late 1971, that India would not accept PL-480 assistance.

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USSR

A Soviet foreign trade official has told the US Deputy Chief of Mission in Moscow that the USSR will make no large purchases of US grain in the near future, but he declined to declare Soviet intentions beyond December.

Soviet reluctance to reveal import plans probably stems from genuine uncertainty about the size of their crop and the course of world grain prices, as well as from the secretive nature of the Russians. We believe that this year's harvest, although good, will be about 198 million tons--some 7 million tons below the Soviet plan. This may force a small reduction in stocks or limited purchases of foreign grain to meet domestic requirements and external commitments.

The Soviet official said that data on the size of this year's grain crop was not yet available, but would be announced at the meeting of the US-USSR Joint Agricultural Committee at the end of October. He also indicated that the US government would get no warning of specific Soviet import requirements before any contacts with US grain exporters. Concluding on a conciliatory note, he commented that he would be interested in knowing what level of Soviet purchases of feedgrains for the remainder of this year "would not be burdensome."

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ARAB STATES

Jordanian ambassadors in Cairo and Damascus have received soothing responses to their protests over the communiqué from the recent Egypt-Syria-Palestine Liberation Organization meeting in Cairo that recognized the PLO as the "only legitimate" representative of Palestinian interests.

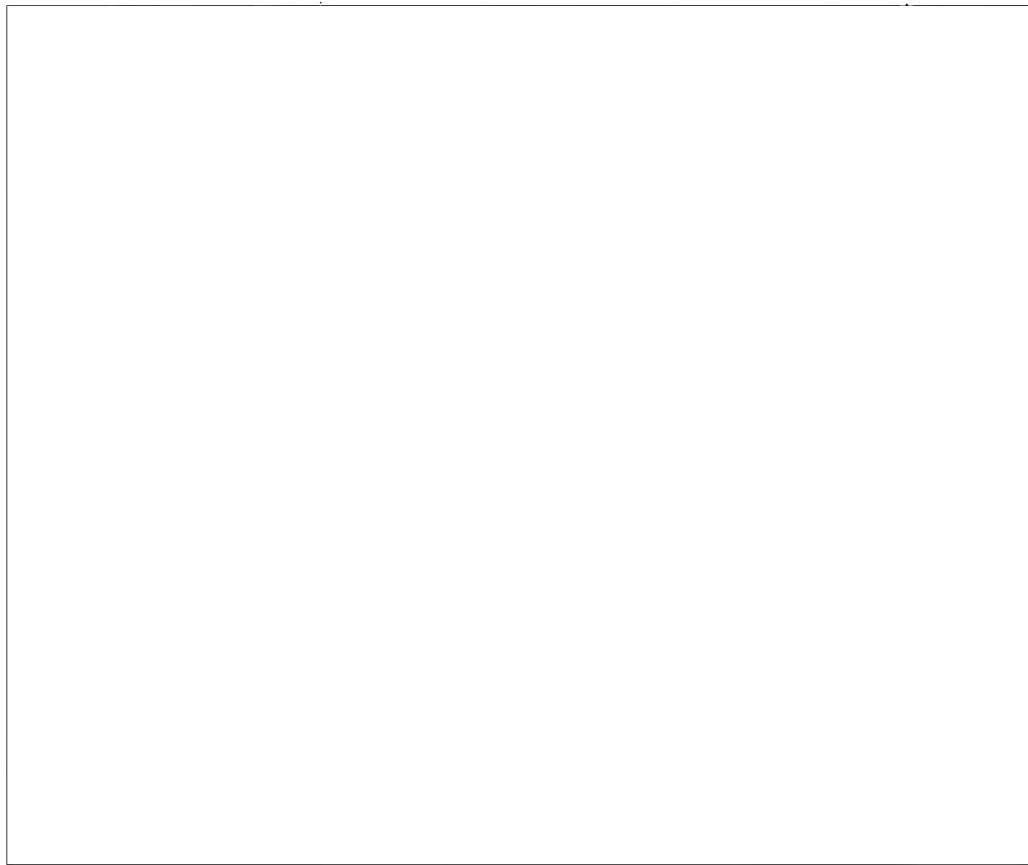
We believe that Sadat and Asad both look on the Cairo communiqué as a necessary inducement to get the "moderate" and majority PLO leaders committed to negotiations, and that the two presidents hope to inveigle Husayn back into line as well. This task will be complicated by the hostility and suspicion with which Husayn and his prime minister regard Sadat, and Asad may have to take the lead in proposing some formula that reasserts Jordan's essential role in dealing with Israel for the recovery of West Bank territory.

[redacted] Egyptian government officials have taken some pains to explain away a brief flurry of anti-Jordanian comments in the Cairo press, and US Ambassador Eilts in Cairo believes President Sadat still hopes to bridge Egyptian-Jordanian differences and will continue active diplomatic efforts to do so.

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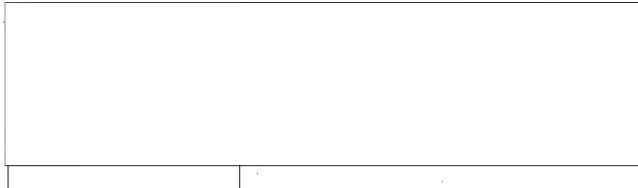
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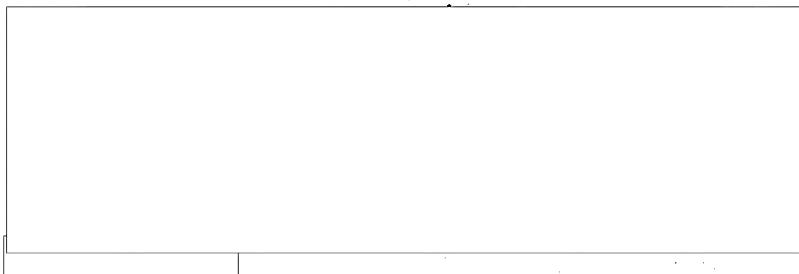


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ISRAEL-EGYPT



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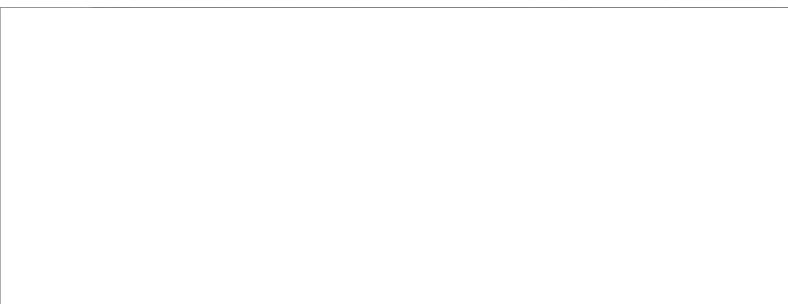
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ARGENTINA

The military is preparing for a tougher struggle against terrorists now that army officers are falling victim to the guerrillas' "indiscriminate reprisals" for the "execution" of 14 guerrillas captured last month.

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Some kind of army mobilization may in fact be under way already.

the Argentine Superior War College may terminate its sessions earlier than usual so that students can report to duty units-- presumably to be on alert for new terrorist attacks. The press says informed sources believe the military is pressing for a declaration of a state of siege.

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THAILAND

Leftist university students who dislike several provisions of a draft constitution have cast some doubt on an expected pro forma National Assembly vote for ratification next week.

The leftists do not have wide student support but Prime Minister Sanya, in an attempt to avoid further street demonstrations, issued a statement supporting their position and urged his advisers to work against ratification.

If the assembly rejects the draft, Sanya presumably will offer a new version more to the students' liking. This would even further delay development of a new constitution--a process begun after the fall of the military regime a year ago.

The odds still favor passage of the constitution when it comes up for a final vote next week.

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NOTES

Peru: Dissidents are stepping up antigovernment activity in anticipation of the sixth anniversary of military rule next Thursday. Small bomb explosions in major cities recently may indicate the beginning of the "psychological terrorism" campaign

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Although the Velasco government is in no immediate danger, growing opposition among civilians may present a serious challenge over the longer term. For the first time since the military took power, there are signs that middle-class groups may move from political protest to more violent action. Large quantities of anti-military propaganda are being distributed as the anniversary observance draws near.

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Greece: The demobilization of Greek reservists called to duty at the beginning of the Cyprus crisis is a clear sign that the Greeks believe there is little chance of war with Turkey any time soon. During the crisis, Athens called up 390,000 reservists. By mid-September, only 68,000 reservists were still on active duty

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